

Participants Positions on PSWG Issue #78

PSWG Issue #78

There is no language in the rules keeping the MSP from contracting directly with the customers, how should this issue be addressed?

Participants were asked to send in their comments and positions on this issue. This document is a collection of all those received by July 4, 2000.

Marv Buck presented how this issue was handled in other States

NEW YORK

2. **Use Of An Eligible MSP/MDSP To Obtain Metering Or Meter Data Services{ TC "2. Use Of An Eligible MSP/MDSP To Obtain Metering Or Meter Data Services" \f C \l "3" }**

Eligible customers have the right to obtain metering and meter data services from an eligible MSP or MDSP through the ESCO providing the customer's energy. Customers may not contract directly with an MSP or MDSP for services. Customers who switch to an ESCO who does not provide metering and meter data services, or who return to the utility for electric supply service, may obtain metering and meter data services only from the utility.

3. **Direct Customers{ TC "Direct Customers" \f C \l "3" }**

A Direct Customer is not eligible to act as its own MSP or MDSP.

NEVADA

Hi Ann,

Quick question, Are you guys going to allow MSPs to contract directly with customers, or has this been determined in your rules? If not, which way are you leaning? We have not addressed this issue formally and are trying to make some prudent decisions in Arizona. I've looked at some of the other state's rules but could not find the answer to this question in the Nevada Doc.

“Yep. Any alternative seller can contract directly with the customer. Don't think there is anything that says this that clearly. But being licensed as an Alternative seller says that you are providing services to a customer.”

CALIFORNIA

There is nothing in the rules that does not allow an MSP to contract directly with a customer for DA revenue metering, however, it not occurring. Many MSPs are contracting directly with customers for phone line maintenance and installation and EMS installs and maintenance. According to the MSPs in California, it is a “Defacto Standard” that MSPs work through an ESP to provide the DA metering services. This may change

next year. Customers who own their own meters are inquiring about hiring MSPs directly to provide the routine test services required by the PUC.

NEW WEST ENERGY Response to Issue Background

Reference: R14-2-1601 Definitions 15. Electric Service Provider means a company supplying, marketing or brokering at retail any Competitive Services pursuant to a Certificate of Convenience and Necessity This means that anywhere in the rules it has ESP it applies to MSPs MRSPs

Response:

- NEW WEST ENERGY encourages and supports Direct Access competition in Arizona
- Other Direct Service Providers contracting directly with the customer does not affect NEW WEST ENERGY general operating principles.

APS Comments on Issue #78

If an MSP contracted directly with the customer and NOT through the Load Serving ESP, there would be several issues that would need to be addressed. The following represent only a few of the APS issues that would arise as a result of the MSP contracting directly with the customer.

1. Currently, APS executes an agreement only with the ESP who is responsible for their subcontractors (i.e. MRSP, MSP). APS would need to execute an MSP Service Acquisition Agreement with MSPs operating in the APS service territory.
2. Currently, APS exchanges DASRs (RQ, UC, TS, CL, PD) with the ESP. If an MSP contracted directly with the customer, APS would request that the ESP continue sending DASRs that impact or change the meter information on behalf of the MSP. If this were not a reasonable request, the DASR process would need to be re-evaluated by the PSWG. Exchanging DASRs with ESPs as well as MSPs (and maybe others) would could require significant system changes to APS' current DASR system.
3. APS would share the same concern as TEP in that the MSP may not have any compelling economic interest once a meter is installed. The concern would be potential lost revenue for UDC as well as the Load Serving ESP.
4. Various APS Business process as well as communication protocols would need to be re-evaluated and amended to accommodate this model.

TEP's position on PSWG Issue #78

TEP doesn't think that a customer could choose to have its own MSP without also choosing an ESP. The rules prohibit an UDC but not a Co-op from offering competitive services. Once a customer chooses a competitive provider for any competitive service then they must choose providers for all competitive services.

R14-2-1615. Separation of Monopoly and Competitive Services

- A.** All competitive generation assets and competitive services shall be separated from an Affected Utility prior to January 1, 2001. Such separation shall either be to an unaffiliated party or to a separate corporate affiliate or affiliates. If an Affected Utility chooses to transfer its competitive generation assets or competitive services to a competitive electric affiliate, such transfer shall be at a value determined by the Commission to be fair and reasonable.
- B.** Beginning January 1, 2001, an Affected Utility or Utility Distribution Company shall not provide Competitive Services as defined in R14-2-1601.
 - 1.** This Section does not preclude an Affected Utility or Utility Distribution Company from billing its own customers for distribution service, or from providing billing services to Electric Service Providers in conjunction with its own billing, or from providing Meter Services and Meter Reading Services for Load Profiled residential customers. Nor does this Section preclude an Affected Utility or Utility Distribution Company from providing billing and collections, Metering and Meter Reading Service as part of the Standard Offer Service tariff to Standard Offer Service customers.
 - 2.** This Section does not preclude an Affected Utility or Utility Distribution Company from owning distribution and transmission primary voltage Current Transformers and Potential Transformers.
- C.** An Electric Distribution Cooperative is not subject to the provisions of R14-2-1615 unless it offers competitive electric services outside of its distribution service territory.

The rules do seem to allow a customer to contract separately with a MSP once he has chosen an ESP. TEP has not set up any process by which to communicate with a MSP if they contracted directly with customers. TEP believes this would take major changes in several processes that are currently in place. TEP reserves judgment at this time as to whether this is a good idea or not because it believes there would need to be several requirements and rules put into place.

TEP would require the MSP to sign a Service Agreement.

How would the UDC be notified that the MSP is not a sub-contractor of the ESP and that the ESP has no liability for the MSP's work?

What changes would be required in the DASR process? Would the MSP be responsible for sending in DASRs? Would the ESP send in a DASR without a MSP being elected?

TEP's system at this time would reject a DASR that didn't have a MSP identified.

What requirement would be needed to hold a MSP responsible for accurate data?

Who would be responsible for the MRSP work?

Who would the MRSP contact if they thought the meter was damaged?

If a meter was found damaged or inaccurate what entity would be responsible for fixing the problem? Who would the party that found the damaged meter contact? What if the customer didn't want to pay to get it fixed? What remedies are in place? What ones would need to be in place?

What incentive does a MSP have to making the meter accurate? What requirements would be needed?

There are many more questions that would need to be answered that we haven't thought of yet.

Phaser Advanced Metering Services (Phaser)

The following comments are in regards to the request for comments on the ability of Meter Service Providers (MSP) to offer services directly to the end-use customer. Phaser Advanced Metering Services (Phaser) is a licensed MSP in California, Arizona and Nevada. Phaser has committed significant time and resources to participate in the formulation of rules that will allow a successful deregulation of the electric services market across the US. Phaser has worked extensively to ensure that state rules implementing direct access are both fair and workable and that the state commission's vision of a competitive market both for the purchase of electricity and the provision of related services comes to fruition.

Accordingly, Phaser respectfully submits the following comments for consideration.

Presently, there are two models in which a company may offer competitive metering services. The first model requires an ESP to first sign up a customer and then use a meter service provider (MSP) as a sub contractor. In essence the ESP is the single point of contact and other service providers, provide services to the ESP and not directly to the end use customer. This model is presently used in California and has been proposed in New York.

The second model requires the MSP to be certified under a process very similar to an ESP and allows the MSP to provide services directly to the end use customer. This is the "stand alone" model. This model is presently used in Pennsylvania (in the three utility service territories where metering is unbundled) and Arizona and has been adopted in Nevada and Illinois.

We believe the second model is the preferable model for the following reasons:

- Customers have been reluctant to switch. Many consumers are hesitant in seeking alternate suppliers of energy because they are unsure of their energy usage information, but are interested in their energy usage information for the purpose of energy efficiency and evaluation of the competitive electric market. Phaser would prefer to see metering services unbundled for all end users, including those receiving the electric commodity from the UDCs, and the customer have the right to choose which services it wants from which providers. For example an end use customer may want to continue to receive Standard Offer service from the utility for the commodity portion but, receive interval data through a metering package provided by an MSP.

- Actual end use customer contact is primarily done by the MSP anyway. Our experience in California and Arizona has shown that we, as the MSP, end up working with the end use customer and have direct contact. A contract with the end use customer makes sense since we work directly with them.
- Most important, MSPs and MDMA/MRSPs are in the information business. Eventually the commodity portion of the electricity service will become of decreasing importance but, the information and the value added services provided will be the driving force in the restructured, competitive energy market.

For all these reasons Phaser strongly urges Arizona to consider adopting regulations that will allow the MSP to directly contract with the end use customer.

SRP Position Statement – Issue #78

- Neither HB2663, the ACC Rules, nor any existing CC&N explicitly precludes an MSP from entering into a contractual agreement directly with a customer for metering services. Each is silent on the issue.
- However, SRP has assumed that it would deal directly and contractually with ESPs only, and that all other approved entities (i.e. MSPs) would contract through these ESPs, not directly with the customer (this philosophy is consistent with the concept currently in place for MRSPs). Our systems and processes have been established assuming that MSPs will be subcontractors to an ESP, in all cases.

SRP's Position:

- An MSP should not be allowed to contract directly with a customer. It is imperative that there be a satisfactory working relationship, understanding, and communication channel in place between the load-serving ESP and the metering entity in order for the customer to be appropriately served under Direct Access. This can only be accomplished when there is a clearly-delineated business relationship established between the serving parties. Neither the customer, nor the UDC, should be placed in the middle and left to deal with the results.

POSITION PAPER – Issue #78

APS Energy Services

June 30, 2000

Issue: MSP Contracting Directly with Customers (#78)

Issue Summary:

- The ACC rules do not explicitly exclude an MSP from entering into a contract directly with a customer for metering services.
- The contract or the tariff between the energy provider, whether the ESP or the UDC, and the customer controls the metering specifics. A customer cannot directly or through an agent remove, exchange, or tamper with any meter that is utilized by the energy provider to provide service. Additionally, the UDCs have all set up their processes and Service Acquisition Agreements to have the MSP be a subcontractor to an ESP in all cases. These Agreements have been approved by the Commission.
- At least one of the Cooperatives wants to maintain the ability enter into a metering contract as an MSP directly with customers.

Position:

- An MSP should not be able to enter into a contract directly with a customer without the express authorization of the UDC and/or ESP providing energy to that customer. If MSPs were allowed to contract directly with customers, they could install metering equipment prior to direct access service that might not be compatible with the meter reading capabilities of any MRSP or ESP. This could create unwanted problems and additional costs for the customer and reduce their ability to benefit from competitive offers in the marketplace. In order for an MSP to contract directly with a customer, the MSPs would have to enter into Service Acquisition Agreements with the UDCs and the ESPs; the liability of the MSPs to the customer, ESP and the UDC would have to be defined; the Rules at R14-2-1603.G.6 would have to be modified; the MSP would have to file a tariff for Commission approval for dealing directly with customers; and the MSPs would have to be assessed a performance bond pursuant to R14-2-1603.J.
- Therefore, MSPs should be required to have a contract with an ESP for providing direct access metering services, whereby the ESP is the general contractor responsible for the performance of the MSP and for submitting all related transaction DASRs to the UDCs.